Leading Indicators

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Key economic and financial metrics, updated weekly

18th February 2025

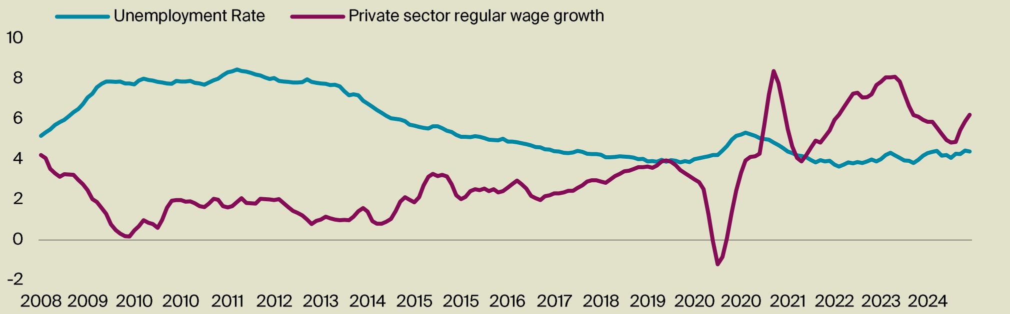
UK wage growth accelerates, resurging inflation and swap rates

6.2%

The UK unemployment rate held steady at 4.4% in the final quarter of 2024. Private sector wage growth, a metric closely monitored by the Bank of England (BoE), accelerated to 6.2%, though it remained just below the BoE's 6.3% forecast. Average earnings (excluding bonuses) climbed to 5.9%, up from 5.6%, in line with market expectations.

UK wage growth accelerates, unemployment remains steady

UK Unemployment Rate and Private Sector Regular Wage Growth, %



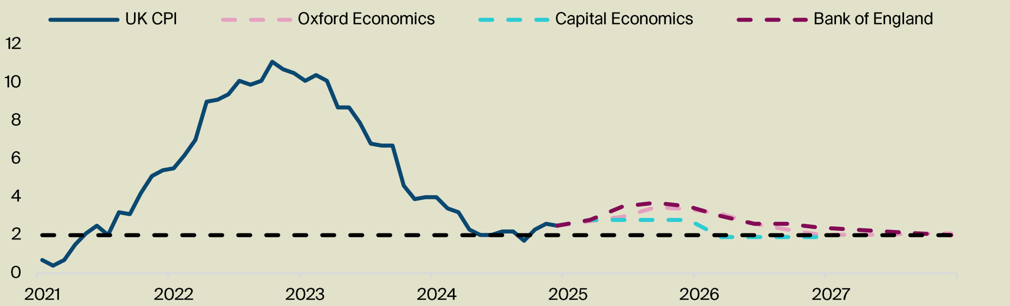
Source: Knight Frank Research, ONS

2.8%

UK inflation is expected to rise to a ten-month high of 2.8% tomorrow, up from 2.5%, driven by renewed price pressures. Whilst services inflation is anticipated to increase this year, the BoE expects this rise to be temporary. Meanwhile, money markets are currently factoring in two quarter-point rate cuts for 2025.

Elevated price pressures

UK CPI Inflation and forecasts, %



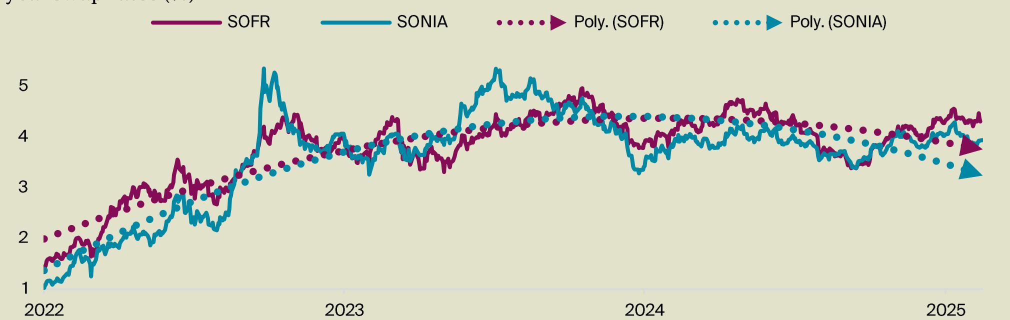
Source: Knight Frank Research, Macrobond, Oxford Economics, Capital Economics, Bank of England MPR February 2025

3.94%

The UK 5-year SONIA swap rate currently stands at 3.94%, down -16bps over the month. A growing divergence between US and UK swap rates could draw more US capital to the UK, as investors seek to capitalise on more favourable conditions.

Swap rates trending down - and diverging?

5-year swap rates (%)

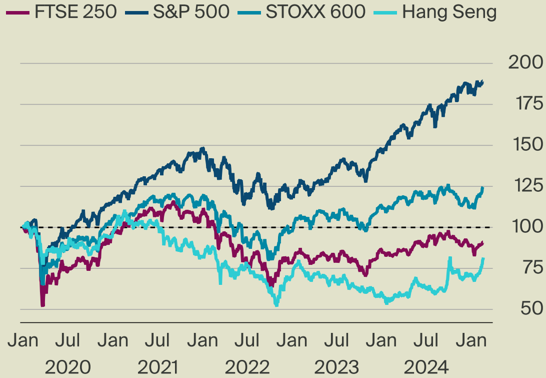


Source: Knight Frank Research, Macrobond

Equities

Equity markets

Price return index, Jan 2020 = 100, US$

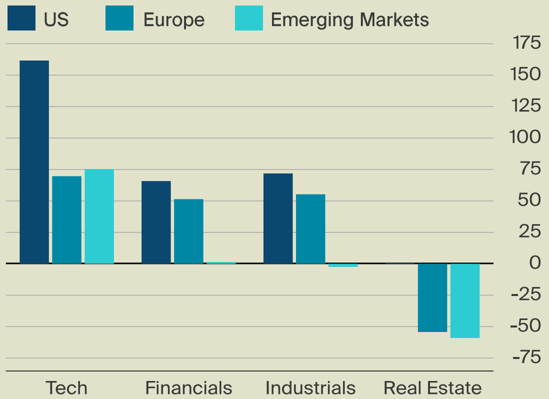


Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
Original value and base		**1 day**	**1 week**	**1 month**	**Jan '20**
DAX 30	9,156	1.0	5.8	11.9	38.3
FTSE 250	26,398	0.7	2.3	5.0	-8.9
Hang Seng	2,953	1.6	6.9	17.8	-18.4
IBEX 35	13,642	1.0	4.0	11.8	27.3
MIB	40,167	1.5	4.8	8.8	52.6
S&P 500	6,115	1.0	0.5	4.8	89.3
STOXX 600	582	0.7	3.7	8.6	24.7
TOPIX	18	1.3	1.2	5.7	15.9

Equity regional sectors

Price return index percentage change since Jan 2020

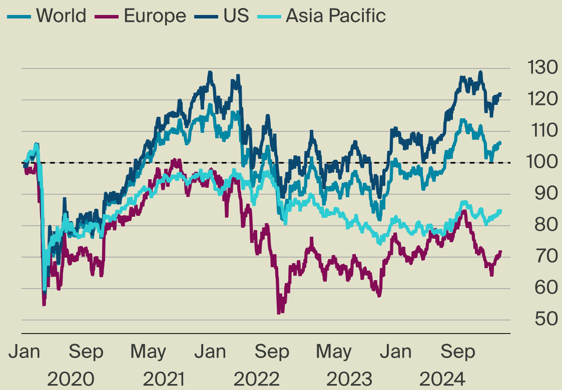


Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	**Europe**	**World**
Tech	161.6%	69.7%	75.3%
Financials	65.8%	51.4%	1.4%
Industrials	71.9%	55.3%	-2.5%
Real Estate	0.6%	-54.2%	-59.0%

REITs by region

EPRA/NAREIT total return index, Jan 2020 = 100, US$

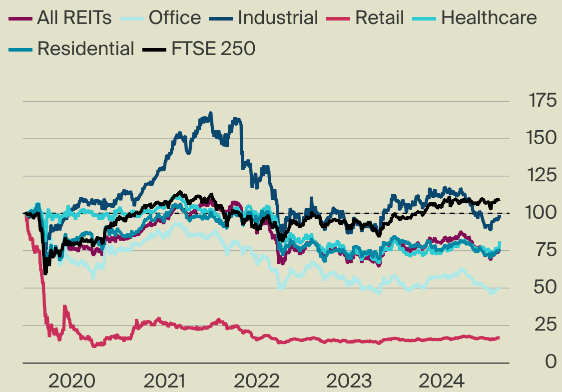


Source: Knight Frank, Macrobond

Index, total return	Last	Percentage change since			
Original value and base		**1 day**	**1 week**	**1 month**	**Jan '20**
US	2,908	-0.5	0.3	2.4	21.7
Europe	2,038	0.1	2.5	6.3	-28.5
World	3,428	-0.1	0.7	3.0	6.7
Asia Pacific	3,345	1.5	0.4	2.2	-14.8

UK REITs by sector

UK EPRA gross total return index, Jan 2020 = 100, GBP£



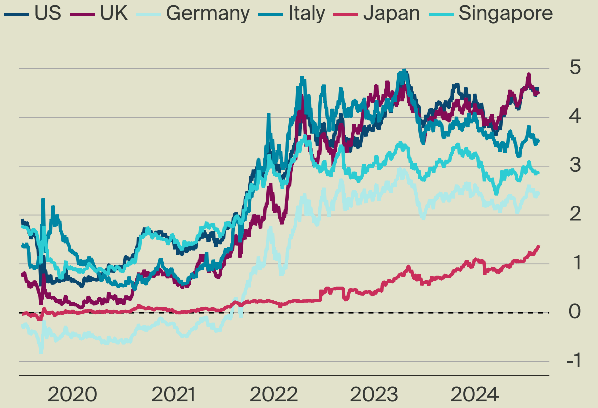
Source: Knight Frank, Macrobond

Index, total return	Last	Percentage change since			
Original value and base		**1 day**	**1 week**	**1 month**	**Jan '20**
All REITs	765	-0.2	1.8	3.6	-25.2
Office	1,454	-1.7	0.3	1.2	-51.0
Industrial	1,204	-0.7	2.3	3.4	-2.9
Retail	61	0.7	2.7	4.3	-83.2
Healthcare	1,842	8.0	6.4	8.8	-18.8
Residential	1,141	-1.0	1.0	1.9	-25.2
FTSE 250	18,680	0.1	0.7	2.2	9.6

Bonds & Rates

Government bond yields

10 year government bond yields, %

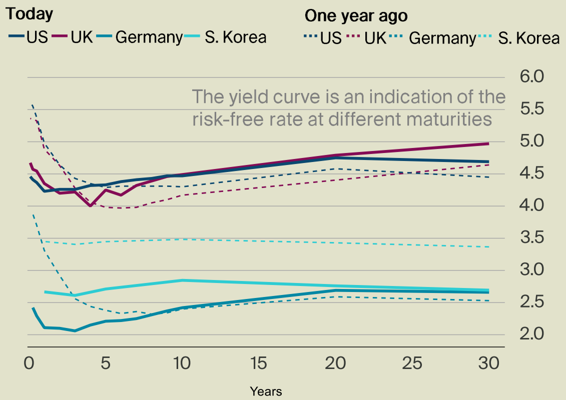


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.54	3.54	3.53	3.63	1.40
Japan	1.38	1.34	1.30	1.20	-0.03
Singapore	2.84	2.84	2.86	2.97	1.74
UK	4.53	4.53	4.51	4.66	0.82
US	4.47	n/a	4.54	4.61	1.92

Yield curves

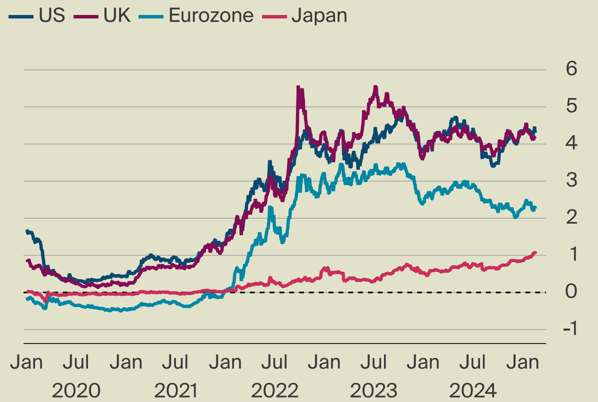
Latest nominal yield curves vs one year ago, %



Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

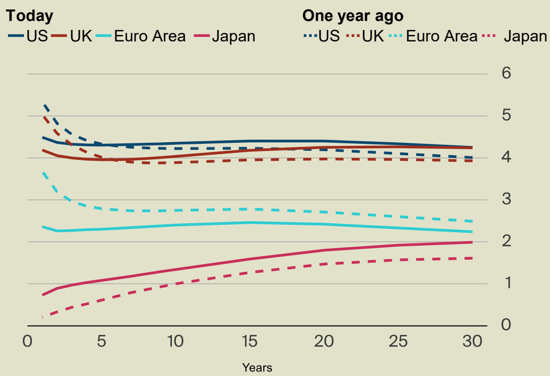


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.32	2.30	2.19	2.38	-0.13
Japan	1.11	1.08	1.05	0.93	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.21	4.20	4.12	4.34	0.88
US	4.31	4.31	4.31	4.38	1.70

Swap curves

Latest swap curves vs one year ago, %

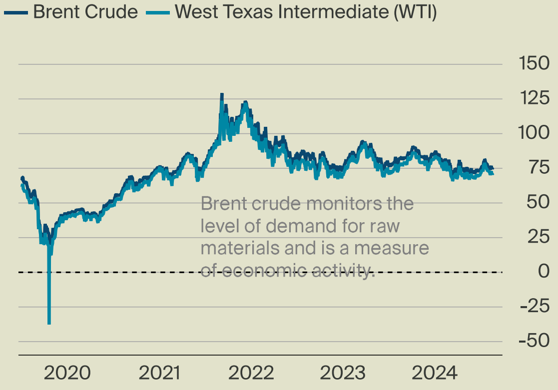


Source: Knight Frank, Macrobond

Commodities & Volatility

Energy

Oil spot prices, $ per barrel



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Brent, $ per barrel	75.3	75.3	76.8	80.0	66.0
WTI, $ per barrel	71.2	71.2	73	77.6	61.1

Baltic dry index

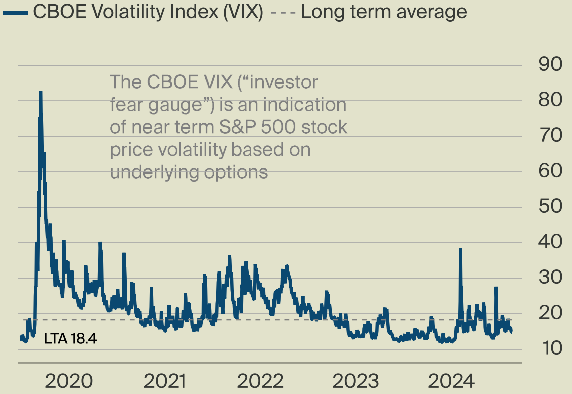
Baltic Exchange, Shipping Dry index (BDI), US$

Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	841	6.19	4.99	-14.8	-22.8

Volatility index

Near term stock price volatility indicator

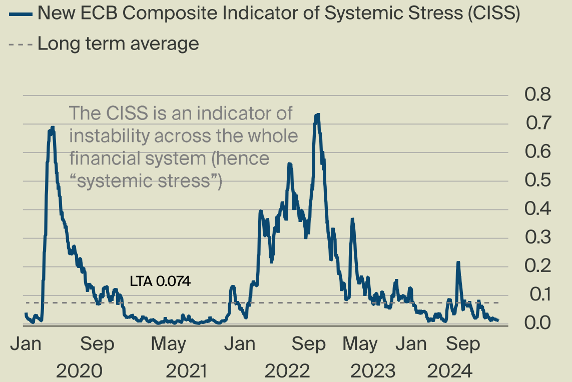


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	14.8	14.8	16.0	16.0	13.8
Euro Stoxx 50 VIX	16.2	16.2	16.2	15.7	14.0
Nikkei VIX	20.0	20.5	21.8	22.6	14.8
KOSPI VIX	17.9	18.1	19.3	17.7	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility



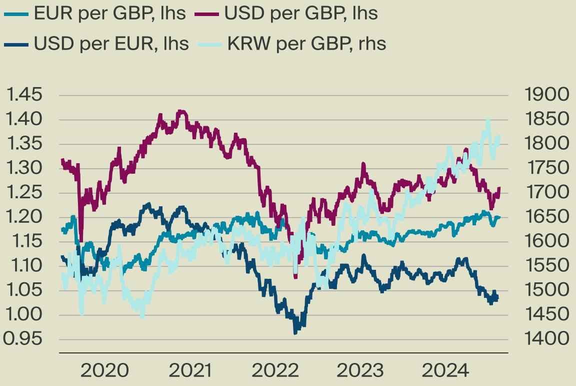
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.069	0.043	0.063	0.023
Equity markets stress sub index	0.048	0.022	0.057	0.009
Bond markets stress sub index	0.022	0.023	0.020	0.02
FX markets stress sub index	0.030	0.014	0.022	0.004

Currencies & Monetary Policy

Currencies

Spot prices

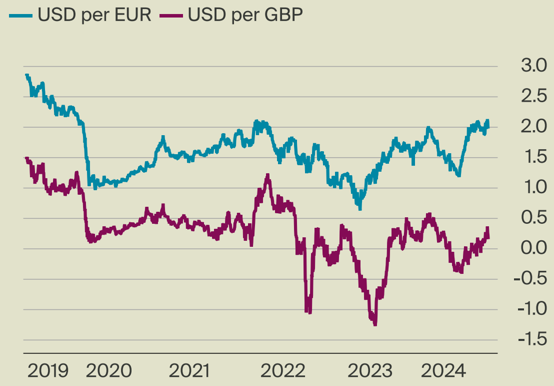


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.203	1.201	1.201	1.184	1.177
KOR per GBP	1,819	1,815	1,796	1,776	1,525
USD per GBP	1.261	1.262	1.239	1.220	1.321
USD per EUR	1.033	n/a	n/a	1.029	1.123

Hedging benefits

Hedging benefit p.a. on a 5 year forward



Source: Knight Frank, Macrobond

	Last	1 day Percent	1 week Percent	1 month Percent	Jan '20 Percent
USD to EUR	1.98	2.00	2.09	1.97	2.32
USD to GBP	0.16	0.23	0.25	0.11	1.12

Inflation and monetary policy

	Inflation rate (%)				Interest rates (%)		Asset purchasing	
	Jan	Dec	Nov	Oct	Last	Jan '24	Latest ($)	1m change (%)
Australia	n/a	2.4	2.4	2.4	4.10	4.35	0.26 tn	0.1
Canada	1.9	1.8	1.9	2.0	3.00	5.00	194 bn	0.9
China	0.5	0.1	0.2	0.3	4.35	4.35	6.44 tn	5.9
Euro Area	2.5	2.4	2.2	2.0	2.90	4.50	6.6 tn	-0.6
France	1.6	1.3	1.3	1.2	2.90	4.50	1.58 tn	1.7
Germany	2.4	2.6	2.3	2.0	2.90	4.50	2.66 tn	-0.6
India	4.3	5.2	5.5	6.2	6.25	6.50	385 bn	-1.3
Italy	1.5	1.3	1.3	0.9	2.90	4.50	1.18 tn	1.2
Japan	n/a	3.6	2.9	2.3	0.50	-0.10	4.91 tn	0.2
Saudi Arabia	2.0	1.9	2.0	1.9	5.00	6.00	501 bn	1.1
South Korea	2.2	1.9	1.5	1.3	3.00	3.50	394 bn	1.8
Spain	3.0	2.9	2.5	1.9	2.90	4.50	487 bn	-1.0
Sweden	0.9	0.8	1.6	1.6	2.25	4.00	107 bn	-0.3
UK	n/a	2.5	2.6	2.3	4.50	5.25	1.18 tn	-1.2
US	3.0	2.9	2.7	2.6	4.50	5.50	6.81 tn	-0.4

1. Australia Inflation rate is only available on a quarterly basis.

Source: Knight Frank, Macrobond

Future Gazing - 2025

Offering a unique perspective on the outlook for the industrial and logistics market; from logistics to support evolving retail habits to further up the supply chain, we look at space used to provide consumers and businesses with services, and the wholesalers and distribution firms that supply them.

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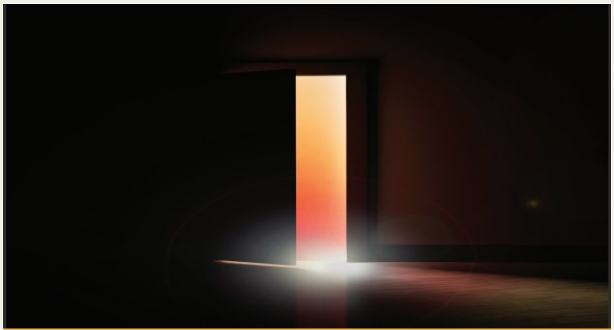

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